

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 1 8

2. STATE:

Texas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 6, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42CFR §447.272; 42 CFR § 447.321

7. FEDERAL BUDGET IMPACT: See Attachment

a. FFY 2001 \$ 30,254,131

b. FFY 2002 \$ 128,105,985

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

See Attachment

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

See Attachment

10. SUBJECT OF AMENDMENT: Amendment No. 613 specifies that supplemental payments will be made in each state fiscal year to certain hospital providers serving high volumes of Medicaid and uninsured patients.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Linda K. Wertz

13. TYPED NAME:

Linda K. Wertz

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

September 26, 2001

16. RETURN TO:

Linda K. Wertz
State Medicaid Director
Post Office Box 13247
Austin, Texas 78711

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

27 SEPTEMBER, 2001

18. DATE APPROVED:

16 APRIL 2002

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

6 JULY 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

Calvin G. Cline

21. TYPED NAME:

CALVIN G. CLINE

22. TITLE:

ASSOCIATE REGIONAL ADMINISTRATOR
DIV OF MEDICAID & STATE OPERATIONS

23. REMARKS:



**DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services**

Calvin G. Cline

Associate Regional Administrator, Medicaid and State Operations

1301 Young Street, Room 827
Dallas, Texas 75202
Phone (214) 767-6301
Fax (214) 767-0270

April 16, 2002

Our reference: SPA-TX-01-18

Ms. Linda K. Wertz, State Medicaid Director
Texas Health and Human Services Commission
Post Office Box 13247
Austin, TX 78711

Dear Ms. Wertz:

We have reviewed the proposed amendment to your Medicaid State plan submitted under transmittal no. (TN) 01-18, including revisions submitted on April 1, 2002. Effective for services on or after July 6, 2001, the publicly-owned hospital in each of Bexar, Dallas, Ector, El Paso, Harris, Lubbock, Nueces, Tarrant, and Travis counties that has the greatest costs associated with treating Medicaid and uninsured patients will qualify for quarterly supplemental payments not to exceed the Medicaid Upper Payment limits.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13)(A), 1902(a)(30), and 1923 of the Social Security Act and the implementing federal regulations at 42 CFR 447 Subpart C. We have approved the amendment for incorporation into the official Texas State plan effective on July 6, 2001. We have enclosed a copy of HCFA-179, transmittal no. 01-18, dated April 16, 2002, and the amended plan pages.

If you have any questions, please call Billy Bob Farrell at (214) 767-6449.

Sincerely,

Calvin G. Cline
Associate Regional Administrator
Division of Medicaid and State Operations

Enclosures

cc: Elliot Weisman, CMSO, PCPG
Commerce Clearing House



Providers with Medicaid-allowable inpatient direct graduate medical education costs as described in this subsection will receive an interim monthly payment based upon one-twelfth of their inpatient direct graduate medical education cost from their most recent tentative or final audited cost report. The interim payment amount as described in this subsection will not be updated during the state fiscal year to reflect new tentative or final cost report settlements. These payments are subject to settlement (actual vs. Estimated number of FTEs) at both tentative and final audit for provider cost reporting periods covering the state fiscal year.

No Medicaid inpatient direct graduate medical education cost settlement provisions are applied to inpatient hospital admissions prior to September 1, 1997.

(t) Notwithstanding other provisions of this attachment, supplemental payments will be made each state fiscal year in accordance with this subsection to eligible hospitals that serve high volumes of Medicaid and uninsured patients.

- (1) Supplemental payments are available under this subsection for inpatient hospital services provided by a publicly-owned hospital or hospital affiliated with a hospital district in Bexar, Dallas, Ector, El Paso, Harris, Lubbock, Nueces, Tarrant, and Travis on or after July 6, 2001.
- (2) The supplemental payments described in this subsection will be made in accordance with the applicable regulations regarding the Medicaid upper limit provisions codified at 42 C.F.R. §447.272.
- (3) In each county listed in paragraph (t)(1) of this section, the publicly-owned hospital or hospital affiliated with a hospital district that incurs the greatest amount of cost for providing services to Medicaid and uninsured patients, will be eligible to receive supplemental high volume payments. The supplemental payments authorized under this subsection are subject to the following limits:
 - (A) In each state fiscal year the amount of any inpatient supplemental payments and outpatient supplemental payments may not exceed the hospital's "hospital specific limit," as determined under Appendix I to Attachment 4.19-A (relating to Reimbursement to Disproportionate Share Hospitals (DSH)); and
 - (B) The amount of inpatient supplemental payments and fee-for-service Medicaid inpatient payments the hospital receives in a state fiscal year may not exceed Medicaid inpatient billed charges for inpatient services provided by the hospital to fee-for-service Medicaid recipients in accordance with 42 CFR §447.271.
- (4) An eligible hospital will receive quarterly supplemental payments. The quarterly payments will be one-fourth of the lesser of:
 - (A) The difference between the hospital's Medicaid inpatient billed charges and Medicaid payments the hospital receives for services provided to fee-for-service Medicaid recipients. Medicaid billed charges and payments will be based on a twelve consecutive-month period of fee-for-service claims data selected by HHSC; or

SUPERSEDES: TN- TX 97-10

STATE <u>Texas</u>	A
DATE REC'D <u>09-27-01</u>	
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HCFA 179 <u>TX 01-18</u>	

- (B) The difference between the hospital's "hospital specific limit," as determined under Appendix I to Attachment 4.19-A (relating to Reimbursement to Disproportionate Share Hospitals (DSH)) and the hospital's DSH payments as determined by the most recently finalized DSH reporting period.
- (5) For purposes of calculating the "hospital specific limit" under this subsection, the "cost of services to uninsured patients" and "Medicaid shortfall", as defined by Appendix I to Attachment 4.19-A, the amount of Medicaid payments (including inpatient and outpatient supplemental payments) that exceed Medicaid cost will be subtracted from the "cost of services to uninsured patients" to ensure that during any state fiscal year, a hospital does not receive more in total Medicaid payments (inpatient and outpatient rate payments, graduate medical education payments, supplemental payments and disproportionate share hospital payments) than their cost of serving Medicaid patients and patients with no health insurance.

SUPERSEDES: NONE - NEW PAGE

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(8) Notwithstanding other provisions of this attachment, supplemental payments will be made each state fiscal year in accordance with this subsection to eligible hospitals that serve high volumes of Medicaid and uninsured patients.

(a) Supplemental payments are available under this subsection for outpatient hospital services provided by a publicly-owned hospital or hospital affiliated with a hospital district in Bexar, Dallas, Ector, El Paso, Harris, Lubbock, Nueces, Tarrant, and Travis on or after July 6, 2001.

(b) The supplemental payments described in this subsection will be made in accordance with the applicable regulations regarding the Medicaid upper limit provisions codified at 42 C.F.R. §447.321.

(1) In each county listed in paragraph (4)(a) of this section, the publicly-owned hospital or hospital affiliated with a hospital district that incurs the greatest amount of cost for providing services to Medicaid and uninsured patients will be eligible to receive supplemental high volume payments. The supplemental payments authorized under this subsection are subject to the following limits:

(i) In each state fiscal year the amount of any inpatient supplemental payments and outpatient supplement payments may not exceed the hospital's "hospital specific limit," as determined under Appendix I to Attachment 4.19-A (relating to Reimbursement to Disproportionate Share Hospitals (DSH)); and

(ii) The amount of outpatient supplemental payments and fee-for-service Medicaid outpatient payments the hospital receives in a state fiscal year may not exceed Medicaid billed charges for outpatient services provided by the hospital to fee-for-service Medicaid recipients.

(c) An eligible hospital will receive quarterly supplemental payments. The quarterly payments will be one-fourth of:

(1) The difference between the hospital's Medicaid fee-for-service outpatient Medicaid payments received and 100% of Medicaid allowable outpatient hospital cost. Medicaid payments and cost will be based on a twelve consecutive-month period of fee-for-service claims data selected by HHSC.

(d) For purposes of calculating the "hospital specific limit" under this subsection, the "cost of services to uninsured patients" and "Medicaid shortfall", as defined by Appendix I to Attachment 4.19-A, the amount of Medicaid payments (including inpatient and outpatient supplemental payments) that exceed Medicaid cost will be subtracted from the "cost of services to uninsured patients" to ensure that during any state fiscal year, a hospital does not receive more in total Medicaid payments (inpatient and outpatient rate payments, graduate medical education payments, supplemental payments and disproportionate share hospital payments) than their cost of serving Medicaid patients and patients without health insurance.

SUPERSEDES: NONE - NEW PAGE

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